TO: EDITORS, NEWS DIRECTORS   DATE: July 24, 2001
FOR: IMMEDIATE RELEASE   CONTACT: Heather Murphy (602) 542-0844

COMMISSION ISSUES ORDER AGAINST MESA SECURITIES SALESMAN

PHOENIX – The Arizona Corporation Commission today revoked the securities salesman's registration of Mesa businessman, Stephen Michael Johnson. The Commission also ordered Johnson, who has been doing business as Ferndale Financial Group, to cease and desist from the sale of unregistered securities and pay a $5000 fine.

The order states that between August 1997 and June 1998, Mr. Johnson raised approximately $500,000 from six investors for Petroleum Resources, LLC, which managed unprofitable oil and gas wells in Oklahoma and Kansas, and in turn was managed by William Robertson McRae (a/k/a "Peter" McRae).

Before selling interests in Petroleum, Mr. Johnson did not investigate McRae's background. If he had, Johnson would have learned that in 1996 the Maricopa County Superior Court had permanently prohibited McRae from selling securities in Arizona. In that 1996 case, the Court had found that McRae had sold fraudulent oil and gas investments, which resulted in 95 investors losing over $2 million.

Under Arizona's securities laws, anyone selling securities has the responsibility to disclose all of the important facts that may affect the investors' prospects of earning a profit, including the background of the persons running the company or promoting the securities offering.

Mark Sendrow, ACC Securities Division Director, cautions: "All investors must be protected from salespeople who profit from the illegal sale of securities," and reminds the public that a salesman's registration and disciplinary history is available by contacting the Division at (602) 542-4242 or toll free at 1-800-811-3878. Information on the registration status of securities dealers and salespeople can also be found through the Division's website at www.ccsd.cc.state.az.us.

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